

**APPENDIX 1  
TAB E  
BUSINESS RECOVERY**

**I. INTRODUCTION**

**A. Purpose**

The purpose of this Appendix is to describe the need for recovery planning by business entities to affect business recovery. When disaster strikes, a disaster recovery plan can make the difference in corporate survival and a community's economy.

**B. Scope**

Recovery activities following emergencies will be determined by the emergency and the extent of the destruction, the losses suffered, and the extent of prior planning and preparedness that has been put into the equation. The intent of a business recovery plan is not to duplicate a business. Rather, its intent is to increase the chances of survival and to decrease the impact of the loss. Rather than providing a business recovery plan, this Appendix provides some basic reasons and steps on how to prepare a business recovery plan. Individual plans must be tailored by businesses to meet their individualized needs.

**II. BUSINESS RECOVERY PLANNING**

**A. General**

1. There are four phases to a business recovery plan:

a. Survival:

Immediate response to threats to life, safety, equipment, facilities, or the area. Examples include getting out of a burning building, evacuating away from a flash flood, getting into a cellar if a tornado is coming, drop-cover and hold activities during an earthquake, and identifying safe areas or activities for other types of threats.

b. Stabilization:

Take sensible steps to regain control of a situation. Examples include calling 911, establishing security, establishing communications, determining the scope and extent of damages, taking actions to halt further damage to equipment or facilities, and implementing the business recovery plan.

c. Recovery:

Take all steps necessary to recover critical and essential functions and facilities. Adjust the recovery plan's strategies and actual steps to fit the current situation. For example, assign responsibilities, contact resources, and utilize resources effectively to recover the most critical functions first. Keep communications going, tend to employee and customer needs, and reestablish permanent facilities as soon as possible. Identify whether business employees will be or are in a position to assist neighboring business or the community in a major event.

d. Restoration:

Resumption of normal operations and the transition from recovery operations and locations to normal business operations in permanent locations. Verify employee, equipment, and facility readiness for normal operations. Ensure that the transition works smoothly, and adjust operational procedures for lessons-learned improvements, newer equipment, facility changes, and improved operations.

2. Developing a business recovery plan will cost employee time and can be expensive. Is there a justification for all the time, effort, and money that will be devoted to preparing a recovery plan? What are the cost benefits associated with business recovery planning? Some of those benefits are enumerated below:

- a. The business will stand a much better chance of surviving.
- b. Quicker recovery will allow the business to retain more of its market share.
- c. Having a business recovery plan may help decrease insurance premiums.
- d. Will ensure quicker resumption of customer services.
- e. Can promote customer confidence.
- f. Increase employee confidence and morale.
- g. Can identify the vital part of the business, not only to assist in the survival process during emergencies, but to also focus on streamlining and improving everyday business strategies.
- h. Will minimize the business liability and lawsuits in the event of a disaster.

**B. The Recovery Planning Process**

The disaster recovery planning process for business resumption provides the preparation necessary to design and document the procedures needed to assure continued business operations following a disaster. Each business' process should include the following elements:

1. Project Planning: Define the plan's scope, organize the plan, and identify the resources needed.
2. Critical Business Requirements: Identify the functions of the business that are most important to protect, and the means to protect them, analyze the risks, threats and the vulnerabilities to the business, facility, transporters, etc.
3. Recovery Strategies: Arrange for alternate processing facilities to use during a disaster. Store copies of computer files, work-in-process, software and documentation in a back-up location. If you have a spare manufacturing production capability or storage warehouse, make them usable now with spare equipment and excess production as time and resources allow.
4. Emergency Response/Problem Escalation: Specify exactly how to respond to emergencies and how to identify when a "problem" has become a potential "disaster."
5. Plan Activation Procedures: Determine the procedures for informing the right people, assessing the impact on operations, and starting the recovery efforts.
6. Recovery Operations: Develop the specific steps for reducing the risks of an outage and restoring operations should an outage occur.
7. Training: Make sure everyone understands the recovery plan and can carry it out efficiently.
8. Testing: Exercise the plan to ensure success.
9. Maintenance: Make changes and additions to keep the plan current.

**C. Conduct a Risk Analysis**

1. Do a business impact analysis on the types of disasters that are likely to affect the business.
2. Do a human impact analysis of the business and the building to determine what human resources will be available to continue operations after a disaster.
3. Determine what your critical functions are, and whether any are independent functions with more than one operating location that can quickly incorporate staff from another location.

4. Determine if the business has adequate interruption and recovery business insurance.
5. Other vulnerabilities to consider:
  - a. Inadequate audit/security mechanisms.
  - b. Power supply.
  - c. Building construction and maintenance.
  - d. Access control.
  - e. Fire protection.
  - f. Operating procedures.
  - g. Supply and service procedures.
  - h. Management, security people, personnel.
  - i. Communications architecture.
6. For many threats, the vulnerability to a business interruption can be mitigated with controls. For example, a vulnerability to fire damage can be mitigated with Halon fire extinguishers and smoke alarms, as well as preventive policies such as the banning of cigarette smoking near flammable materials. Vulnerability considerations include natural disasters, environment, access, or work site. The effort of analyzing all the hazards leads a business to better preparedness should disaster strike.

**D. Develop Recovery Strategies**

1. Store back-up material off-site. Determine procedures, schedules, and responsibility for maintaining the contents of the off-site storage facility. Determine the storage inventory. Identify specific supplies, inventory, programs, files, documentation, vendor contracts, and a business recovery plan. If necessary, add to the business recovery plan and review with the loan officer or other financial interest holders.
2. Develop alternate processing capabilities by identifying requirements for recovery facilities. Determine emergency processing capability, phone needs, data communication services, minimum furniture, and space needed in case of a need to relocate. The whole business may not be economically movable, but the strategy should be developed in any case, to determine the feasibility of such an alternative.
3. Document the general strategy that the business will use in the event of a disaster. This should be an overview of the recovery process that the organization will follow if actually hit by a disaster and should address:

- a. Recovery requirements for restoration of critical business operations.
  - b. Alternate processing facilities employed or available.
  - c. Alternate business facilities/operations, manual procedures, forms, staffing, and space.
  - d. Procedures for obtaining resources.
  - e. Any alternate recovery resource acquisition not already mentioned.
  - f. Alternate vendors and sources of supplies or products.
4. Document the action steps to be taken immediately in responding to damaging events or threats of damage or disruption. Inform all employees of documented action steps. Take pictures.

**E. Recovery Operations**

- 1. Determine plan activation flow.
- 2. Outline or chart the steps to follow when a disaster situation has occurred or may potentially occur.
- 3. Define the recovery organization.
- 4. Determine what teams make up the recovery organization.
- 5. Develop team action plans. There may be several recovery teams, each specializing in some area of technical expertise. Disaster recovery for businesses requires that recovery teams be provided with:
  - a. Team charter or function: The particular duties, responsibilities, and resources available to each team in the event of a disaster.
  - b. Team organization: The structure of the team, job titles of each team member, and the chain of supervision or reporting responsibilities.
  - c. Team interfaces: Include a detailed explanation of all the actions this team is to take prior to a disaster, so it can function effectively during a disaster. The instructions should cover relationships with vendors, customers, other employees, and ongoing tasks to ensure readiness of the plan, training requirements, identification of critical resources, data, and personnel.
  - d. Action procedures: This item provides an outline of the tasks to be completed. It is written with the assumption that the team members know how to do their jobs. It is written as a guide to ensure that nothing is omitted during the normal confusion that will occur in the situation.

- e. Design procedures to be flexible so as to permit their use in varying types and degrees of contingency situations.
- f. Detail procedures enough to permit reliance and dependency on them if no other documentation or knowledge is available. Provide references for more detailed documents, if available, from backup.
- g. Appendices: Include data and material that will be used in the event or an actual disaster when other sources, references, forms or materials of any kind may not be available. Include separate appendices on notification of employees, source requirements, forms, documentation, and any other subjects that are normally required in daily operations. If the data may not be otherwise available, it should be included in the appendix to the business recovery plan.

### **III. TRAINING AND TESTING**

- A. A plan has no value sitting on a shelf. It just gathers dust. A plan is valuable in the process of preparation, in the testing and the execution. In fact, businesses should design a training plan to exercise their business recovery plan. It should contain:
  - 1. Goals, training activities, and schedule for business resumption training.
  - 2. A designated plan administrator.
  - 3. Specific training objectives and activities to meet those objectives.
  - 4. A plan of instruction to satisfy each training objective and activity.
  - 5. Training evaluation tools.
  - 6. Techniques to meet the following objectives:
    - a. Train employees to perform their recovery responsibilities.
    - b. Allows the agency to continuously improve training.
    - c. Improve the business recovery plan through lessons learned in training.
- B. Exercising the plan ensures that the established procedures are in place should a disaster occur.
  - 1. Ensure that recovery procedures are complete and workable.
  - 2. Ensure that training of personnel has been effective.
  - 3. Identify and conduct needed revision to the business resumption plan.

4. Ensure that the business environment is still being supported by the plan.

#### **IV. MAINTENANCE**

Establish maintenance procedures and schedules. Provide a schedule for regular and systematic review of the content of the business recovery plan. Define a procedure for making appropriate changes to the plan.

1. Assign plan maintenance responsibility.
2. Develop distribution procedures and lists.
3. Develop policies and procedures for distribution and updates.